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Sale of distressed assets in Slovakia

Lubos Frolkovic and Adam Pichler
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Bratislava

The currently raging global financial crisis, which has resulted in global economic downturn, has created new opportunities for investors to purchase distressed assets on the Slovak market, an investment with the potential for realizing profit and capital gain. During these globally hard times, almost all companies experience some financial distress, albeit to varying degrees. If it is left undealt with, financial distress can result in declaration of bankruptcy or restructuring proceedings. These proceedings afford an opportunity for potential investors.

Due to the impacts of the global financial crisis, the number of declared bankruptcy as well as restructuring proceedings has significantly increased in Slovakia. In the first quarter of 2010, 128 bankruptcy proceedings were declared, as compared to 85 bankruptcy proceedings declared in the first quarter of 2009, corresponding to an increase of 50% quarter on quarter.

The sale of distressed assets in Slovakia is mainly governed by Act No. 7/2005 Coll. on Bankruptcy and Restructuring Proceedings as amended, while some general provisions of other laws, in particular Act No. 513/1991 Commercial Code as amended (Commercial Code), apply as well.

It should be noted that the declaration of bankruptcy proceedings in Slovakia consists of two stages: the first stage begins with the commencement of bankruptcy proceedings and the second with the declaration of bankruptcy proceedings. Each of these stages has different implications. After the commencement of bankruptcy proceedings, the bankrupt debtor is obliged to confine its activities to day-to-day business, i.e. it cannot dispose of its enterprise (or a part of it) or certain assets. Once bankruptcy proceedings are declared, the right of the debtor to dispose of its property passes to the bankruptcy trustee, who acts on behalf of the bankrupt debtor.

The bankruptcy trustee works in cooperation with the debtor, as well as with third parties, to ascertain all assets belonging to the bankrupt debtor, which are subject to the bankruptcy proceedings. Generally, the bankruptcy trustee may do any of the following in order to convert the debtor's assets to cash:

(i) declare a public tender;

(ii) entrust the sale to an auctioneer;

(iii) organise an auction in order to sell the assets; or

(iv) sell the assets in another efficient manner.

A potential investor has the following options in order to acquire distressed assets - he can either acquire the whole or at least a part of the enterprise of a distressed company (enterprise deal) or he can acquire certain assets of the distressed company (asset deal).

Enterprise deal

The bankruptcy trustee can sell the whole enterprise, or at least a part of it, to a potential acquirer by concluding an agreement on transfer of an enterprise (or a part of it respectively) according to the provisions of the Commercial Code. All assets, rights and other property interests belonging to the enterprise (or part of it) are transferred to the acquirer.

For an investor, a major advantage of this kind of transfer is the fact that he acquires only those liabilities of the debtor, which have arisen in connection with the operation of the debtor's enterprise after the declaration of bankruptcy proceedings and in-kind liabilities from employment relationships, which are stated in the respective agreement (e.g. entitlement to holidays).

This is a significant difference to acquiring an enterprise from a *healthy* company, where all liabilities in connection with the enterprise (or part of it) are transferred to the acquirer and cannot be excluded from the subject-matter of the agreement. A general M&A problem is the discovery of additional and unforeseen liabilities, after the enterprise deal has been concluded. Acquiring an enterprise (or a part of it) from a distressed company eliminates this problem, in that the acquirer does not acquire these additional liabilities, which arose prior to the declaration of bankruptcy proceedings.

Certain restrictions apply to the transfer of enterprises or their parts, which are subject to special permits and/or licenses. The bankruptcy trustee can transfer such an enterprise or a part of it only to an acquirer that possesses these kinds of permits and/or licenses.

Generally, the provisions of Act No 311/2001 Coll. Labour Code, as amended, regarding the automatic transfer of employment rights and obligations apply to the transfer of an enterprise or a part of it. However, in the specific case that the transferor is in bankruptcy proceedings, these provisions do not apply.

Asset deal

The bankruptcy trustee and potential acquirer may agree on the transfer of individual elements of the enterprise in the form of separate agreements (asset purchase agreement, agreement on assignment of receivables etc.). For example, the parties may conclude separate agreements on the transfer of assets, intellectual property, business shares of the distressed company in its subsidiaries etc.

In the case of real estate that is subject to the bankruptcy proceedings, sale can be performed only by auction. However, this applies only if the real estate is sold "on its own". If the real estate is sold within an enterprise (or a part of it) or a pre-emption right exists, this provision does not apply.

Banking and finance

Recommended firms
Tier 1
Allen & Overy
White & Case
Tier 2
Cechová & Partners
Cernejová & Hrbek
Ruzicka Csekes/CMS Cameron McKenna
Tier 3
Hamala Kluch Víglasky
Kinstellar
Salans
Squire Sanders & Dempsey
Weinhold Legal
Wolf Theiss

Throughout 2009 banking lawyers were preoccupied with restructures and refinancings, predominately for automotive borrowers and loans relating to logistics centres. Although they were happy for the work, they quickly point out that Slovakia's inexperience in robust out-of-court restructuring meant these processes evolved slowly and cautiously. Frustrated lawyers attribute this to banks and "a combination of increased levels of risk sensitivity but also a degree of missing sophistication," adding: "They could be a bit more open minded."

New lending showed signs of picking up by Q3 2009, but credit committees were still selective. Slovak banks' conservatism coupled with the January 2009 adoption of the euro meant they haven't suffered like elsewhere, and theoretically should have had the appetite and liquidity to lend. The dampener was the international holding banks. Close to all Slovak banks are foreign owned, and cash pooling and orders to limit spending spoilt the party.

Amazingly most new finance was for real-estate developments - residential, retail and office - outside Bratislava, plus renewable projects which have become popular under a new government incentive scheme. Syndicated loans are still around but mainly because banks are wanting to share the risk of smaller values by syndicating.

Acquisition finance was generally difficult to come by. Many solved this through inbound cross-border loans and the government is hoping its benchmark bond issues will revive the country's miniscule debt market and be used as an alternative to bank lending.

The public-private partnership (PPP) is still a relatively new concept in Slovakia and its debut project, the D1 motorway, has been plagued with delays with finance and environmental approvals. But different stages continue to be closed and now that the PPP concept has been sold to banks, many expect it will be adopted for other projects the next being the redevelopment of an unfinished hospital.

Allen & Overy

In line with Allen & Overy's global reputation, the Bratislava office's finance capabilities keep it firmly in tier one after a busy year at the forefront of the busiest M&A sectors. In the property sector it helped UniCredit Bank Slovakia restructure a long term facility for the financing of a logistics park in the country's west. This included the addition of a co-debtor and more securities. Its cross-border work in this area was for Eurohypo on the Slovak aspects of its sub-security structure underlying the regional refinancing of Goodman and Gelf Fund's logistic property portfolio.

Automotive mandates include UniCredit Bank Slovakia's work on a revolving credit facility granted to Kia Motors' local business, and Schaeffler on the global restructuring of its senior and junior credit facilities with RBS. In the transport sector, domestic mandates came from creditors in the court-ordered debt restructures of transportation company STD Donivo and SkyEurope Airlines.

While the firm's year was dominated by refinancings and restructures, it did some fresh finance work on the lenders side. These include the acquisition financing of Fun Radio Group, a syndicated revolving credit facility for Steel Kosice, plus senior and mezzanine credit facilities provided to TMF Group.

Of the international firms, Allen & Overy is known for having the strongest local presence and for developing some of the country's best finance lawyers. Martin Magál is described by a rival as "one of the leading lawyers in banking" and another says he is "the brains of the practice". Last year's retirement of the legendary Igor Pálka left Magál big shoes to fill, but peers think he is up to the task.

Elsewhere, department head Renátus Kollár was named by a competitor and the team received this client praise: "They seem to be the leading office in Slovakia regarding the knowhow and its application in the local market, and they are able to offer quite competitive pricing."

Leading lawyers

Martin Magál

White & Case

Although it's still a leading banking firm, rivals are quick to point out that White & Case's Slovak work is heavily supported by its Prague office. Some of its leading partners split their time between the two offices and though this doesn't hinder its ability to win international work, some peers suggest it lacks the local competence of some of its competition.

Some of its recent international deals include helping Raiffeisen International Direct Bank launch in the domestic market, advising the European Bank for Reconstruction and Development on its €60 million programme aimed at the development of green energy, and Slovenská Sporitel'na on real-estate syndicated financing provided to UK and Irish property developer Parker Green International.

The firm has been active in the increasingly prominent public-private partnership (PPP) work. It advises the syndicate of 19 banks financing three phases of the D1 motorway, the country's first PPP project. The €3 billion mandate is led by leading lawyer Ivo Bárta and includes input from the firm's Paris office. The firm also assists Tatra Banka on its €100 million syndicated loan to SkyToll for the construction of toll road facilities.

White & Case has been at the forefront of the emerging debt market, acting for HSBC and Société Générale as joint lead managers of the state's €2 billion benchmark issue in May 2009. A year later it switched sides and acted for the government on its €1.5 billion offering of notes placed primarily with foreign investors.

Of its leading lawyers, Marek Staron spends the most time in the Bratislava office and is described by a peer as a "very good negotiator and very articulate".

Leading lawyers

Ivo Bárta
Michal Dlouhy
Marek Staron

Ruzicka Csekes/CMS Cameron McKenna

Ruzicka Csekes/CMS Cameron McKenna is known for government mandates in public-private partnership (PPP) projects, and its increased headcount as a result of last year's merger is expected to further increase its profile in this area.

However its work portfolio over the past 12 months is dominated by private lenders. For example it has been involved in the retail complexes popping up across the country, including leading lawyer Peter Simo and Michal Kmec's 2009 advice to Hypo Investment Bank on its refinancing of four shopping centres. Earlier this the year the pair acted for Raiffeisen's Austrian branch on the financing of land acquisitions for the establishment of a new shopping centre in the town of Snina.

Another mandate from Raiffeisen in Vienna saw Simo team up with Sylvia Szabó in March 2010 to critique security documents under a number of credit agreements. That same month the two provided asset management advice to Zürchner Kantonalbank, and acted in relation to cross-border lending issues. Other recent clients include Commerzbank, UniCredit Bank Austria and OTP Banka Slovensko.

Leading lawyers

Dana Nemcíková
Peter Simo

Other ranked firms

Hamala Kluch Víglasky is a group of former White & Case lawyers who are known among peers for their "good knowledge and good background". Its finance practice is not its strength, but it regularly comes up against the leading firms and some rivals see it soon becoming a tier two contender. These chances were boosted recently with the hire of GI Invest's former in-house counsel Leonard Holbling.

The firm works for both borrowers and lenders but the past 12 months was dominated by bank mandates. Leading lawyer Víglasky and Holbling are advising a syndicate of four banks on their respective bilateral loans, totalling €84 million, to steel producer Raven Group. A separate inter-creditor agreement is needed and the joint security package is one of the country's first. The firm is also working with Tatra Bank and UniCredit Slovakia on €25 million of syndicated financing provided to Crown Bevcan Group, a loan guaranteed by the borrower's Dutch parent company.

On the borrower side Víglasky and Holbling teamed up again to advise PPC Energy on two bilateral export financings provided by BNP Paribas UK and BNP Fortis CZ. The €38 million deal required the firm to address a number of cross-border issues.

Leading lawyers: Peter Víglasky

Of the **Kinstellar** offices to emerge in the wake of Linklaters' exit from the region, Bratislava is one of the best. Peers notice it is busier than its sister office in Prague, and client feedback suggests the team is efficient and proactive.

Managing partner Patrik Bolf is heavily involved in the firm's finance work, which has recently been dominated by refinancing mandates from logistics companies. Last year Bolf led advice to a number of PointPark Properties' entities on the group's €15 million refinancing of its real-estate portfolio. Work included negotiation and drafting of facility agreements, security documents plus subordination agreements. The firm also recently acted for Goodman on the local aspects of its €762 million regional refinancing, and ProLogis in a similar mandate involving its six logistics properties.

Elsewhere Kinstellar has played a key role in the market's emerging public-private partnership (PPP) work, acting for Vinci Concessions in relation to the R1 expressway which forms part of the D1 motorway. The firm helped obtain financing for the €1 billion deal in a tough market, coming up against the European Bank for Reconstruction and Development plus 13 private banks.

Clients rate **Squire Sanders & Dempsey** for its experience, proactivity and ability to "quickly get into the issue and create interesting and reasonable solution." It has worked on a variety of mandates recently, including for energy supplier Pozagas on its placement of bonds on the local stock market. The firm picked up some fresh finance work for borrowers, acting on a €5 million facility for an LBO, and representing the local subsidiary of ContourGlobal on the $250 million financing of its combined heating business.

Elsewhere the firm advised the central bank on the finalisation of its Isda master agreements.

Despite competitors saying **Weinhold Legal** lacks visibility in the market, the firm has picked up some diverse mandates over the past year. Leading lawyer Rastislav Kuklis, name partner Daniel Weinhold and Pavel Jendrulek continue to help virtual bank BRE Bank (part of Commerzbank) establish a local presence. This includes the distribution of mutual funds and other instruments, Mifid compliance and drafting standard documentation. Elsewhere the firm advises CSOB Property Fund on acquisition financing provided to a Slovak property developer, and in December 2009 it refinanced distressed loans for Anglo Irish Bank.

Leading lawyers: Rastislav Kuklis

Wolf Theiss is involved in the country's developing public-private partnership (PPP) sector, acting for an international bidder for the €3 billion financing, construction and operation of the D1 motorway. This mandate requires the six-lawyer team to negotiate the concession agreement, negotiate and draft the finance documents, plus advise on procurement issues.

Elsewhere Wolf Theiss has acted for the lender in a number of cross-border real-estate financings. It acts for Austria's Immorent Bank on the Slovak aspects of the securities package relating to a €100 million loan, and in a €51.6 million mandate it represents Raiffeisen Zentralbank on acquisition financing for the development of a shopping centre under construction.

Other notable firms

Czech firm **PRK Partners** has a young office in Bratislava which performs well and is increasingly noticed by the market. Over the past 12 months it has advised ING Bank on loan restructurings, and the bank's Dutch real-estate affiliate on its loan to a developer looking to invest in Slovakia.

Other cross-border mandates by foreign lenders include Italy's UniCredit on the restructuring of loans granted to a local textile company, and Investkredit Bank of Austria on extending the term of a facility granted to a local engineering company.

Emil Nemec is named by peers as a very capable finance lawyer.

SK Legal is a new firm which comes highly recommended by the market. It consists of former KPMG lawyers who have quickly established themselves in the banking sector. A number of competitors note the abilities of partner Milan Banas and recall good experiences acting across from the firm.

Mergers and acquisitions

Recommended firms
Tier 1
Allen & Overy
White & Case
Tier 2
Cechová & Partners
Cernejová & Hrbek
Kinstellar
Ruzicka Csekes/CMS Cameron McKenna
Squire Sanders & Dempsey
Tier 3
Dedák & Partners
DLA Piper Weiss-Tessbach
Hamala Kluch Víglasky
Hillbridges
Peterka & Partners
PRK Partners
Schoenherr
Weinhold Legal
Wolf Theiss

"It has not been a year of a booming economy but it has been a year of a performing economy," says one corporate partner. The big deals may have been absent, but Slovakia has seen a respectable number of small to mid-cap deals in a range of areas lately. Regional consolidation in the healthcare sector continued, investors looked to renewable energies hoping to take advantage of the government's subsidies, and though the real-estate bubble has well and truly burst, anything related to transport logistic centres has been the M&A topic of choice.

The country is counting its blessings that its automotive sector - the backbone of its economy - is dominated by car makers spared from the economic crisis. "We have an advantage in that the cars we produce are small, fuel efficient and cheap," says one lawyer, as opposed to the luxury brands hit hardest by global spending cuts.

Industry buyers accounted for most transactions but local investment groups Penta Investments and J&T were relatively active. Other trends were asset purchases by buyers looking to avoid the risks that come with share deals, and once again, distressed sales not accelerating like expected.

Aside from international mergers that impacted local subsidiaries, cross-border work was in short supply. To the extent these deals did happen, they tended to come from neighbouring countries and in the form of joint ventures. As one leading lawyer explains: "A new foreign investor relying only on its status under the law, and without any local connections, is a risky spot to be in."

An interesting development is the surge in electronics. "Last year was the year of the plasma and the LCD," says one lawyer, who notes that Samsung has become one of the country's biggest exporters. But the Korean and Japanese companies that dominate this industry prefer to use in-house counsel and unless they encounter difficulties, local lawyers are unlikely to get involved.

Another interesting development is the opening up of the legal market. While the same big names still feature in the top two tiers, a number of new names have pushed into the rankings and a few more are expected to follow soon after.

Allen & Overy

Allen & Overy has the depth of talent to keep it safely in the top tier. In addition to leading lawyer Hugh Owen, clients think highly of associate Peter Kubina and fellow associate Renatus Kollar. In addition to his banking capabilities, Martin Magál is respected for his corporate work. He receives peer recommendations and a client gives him this reference: "Very good, top class on advice and executing that advice."

The firm as a whole also receives good feedback. "We get very strong representation from Allen & Overy which is very helpful as Slovakia is new to the EU, so it can be difficult to do business in," says one international client. "When you go to local firms you don't always get work to the desired standards but the firm is able to meet a multinational's expectations."

Its two recent headline deals are Smurfit Kappa Group's buyout of minority shareholders in its Slovak subsidiary, and Kraft Foods Slovakia's delisting and the mandatory public offer to its minority shareholders.

Elsewhere the firm has been at the forefront of the busiest sectors. It helped A&D Pharma Holdings on the Slovak aspects of its regional acquisition of Arishop Pharma and its subsidiary Ozone laboratories, in the automotive sector it advised Germany's Edscha group on the sale of its rooftop division, and renewable energy mandates came from EVN and Wienstrom on a privatisation matter.

Leading lawyers

Hugh Owen

White & Case

White & Case is developing into the dominant M&A firm, winning praise for its capabilities and personalities. "When we meet with them it's the smoothest transaction," says one rival while another describes leading lawyer Marek Staron as "a nice guy who is easy to work with".

Recently the firm has been involved in significant heavy industry and mining mandates. In a cross-border deal it closed Japanese machinery company JTEKT Corporation's purchase of one of Timken Company's businesses for $300 million. The firm also advised agribusiness company Syngenta Crop Protection on its $160 million asset purchase from Monsanto Company, and Electrum USA on its joint venture with a British gold mining company to start operations in Slovakia.

Elsewhere White & Case continued to advise the Ministry of Economy on post acquisition issues relating to its $240 million shareholding in Transpetrol.

Leading lawyers

Ivo Bárta
Marek Staron

Kinstellar

Peers say Kinstellar is fighting hard to preserve the feel of Linklaters, and though many think the young firm still has a way to go, its M&A practice has held up well.

The past 12 months was all about logistic properties for Kinstellar. The firm advises PointPark Properties on post-acquisition issues related to its recent asset purchases, and ProLogis on its intra-group mergers. Elsewhere leading lawyer Bolf leads advice to Bancroft Group on its take up of 50% of the shares in Slovak food producer Frost. The €11 million mandate was complicated by the target's non-transparent corporate structure, including the allocation of its shares and voting rights, and shareholder disputes which emerged throughout the deal.

Leading lawyers

Patrik Bolf

Ruzicka Csekes/CMS Cameron McKenna

Ruzicka Csekes/CMS Cameron McKenna is the next firm to rival those in tier one. Competitors say its recent merger gives it the headcount to take on the biggest corporate transactions, and clients appreciate its flexibility and professionalism. As for leading lawyers, Peter Simo is noted for his pleasant demeanour as much as his abilities, and leading banking lawyer Dana Nemcíková's M&A work leads a rival to describe her as "very diligent and very smart".

Simo teamed up with Sylvia Szabó and Monika Fridrichová to advise private-equity firm BC Partners on its takeover of Futurelab Holding's subsidiaries, their subsequent merger and change of legal form. Cross-border mandates in the energy sector saw the firm act for Wood & Company on its joint venture with Czech energy giant CEZ, and Szabó act for Austria's Energie- und Gebäudemanagement in its investment in a Slovak heat producing business.

Elsewhere the firm acted for Slovak Telecom in its latest acquisition, absorbing the local operations of T-Mobile.

Leading lawyers

Ian Parker
Peter Simo

Squire Sanders & Dempsey

While Squire Sanders & Dempsey is not particularly visible to its competitors, clients rate the firm highly. One describes it as diligent, responsive and commercial, and notes its proficiency in English. Another reflects on a deal involving Peter Suba, Adrian Barger and Monika Simorová: "I was confident in dealing with them. They communicated well and we were able to work together very effectively."

In Europe the firm takes a regional approach to its work, and consequently the Bratislava office has been involved in a number of cross-border deals over the past year. In May it closed Netherlands-based Yukos International's $240 million sale of shares in Transpetrol, a Slovak operator of a crude oil pipeline.

Since then Squire Sanders & Dempsey has busied itself advising ContourGlobal on its launch in the local market, Tesco in a number of greenfield acquisitions, and SkyToll in its public tender to establish an electronic tolling system operated by satellite technology.

Other ranked firms

One of the best local names on the market for M&A work is **Dedák & Partners**. The firm often acts for the government but during the latter half of 2009 it was busy with private-sector mandates.

In September partner Eduard Winkler led advice to Altran Group on its disposal of a subsidiary, and three months later acted for AR Sistemas on its investment in Technometal. Cross-border mandates came from Dricon Managing Consultants on its takeover of a Slovak aluminium producer, and Austria's Doubrava Gesellschaft MBH & Co on its acquisition of a local industrial manufacturer.

DLA Piper Weiss-Tessbach benefited from Freshfields Bruckhaus Deringer's exit last year, picking up a number of the magic-circle firm's lawyers including new practice head Michaela Stessl. Competitors are yet to notice any difference since its numbers were boosted, but clients are pleased with the firm's work. One praises the availability, experience and engagement of its lawyers, noting Stessl's professional and fast approach plus her extensive language skills. Another client reflects on the firm's work: "They were very god at spotting issues and very responsive ... It wasn't a difficult transaction but they did a very good job with it."

Recently the firm helped energy infrastructure company Dresser acquire a stake in a bankrupt Austrian company and then takeover its Slovakian assets. Elsewhere the office advised on the Slovak aspects of the Europe-wide sale of cosmetics and luxury group Marionnaud.

Hamala Kluch Víglasky has a strong corporate practice which continues to pick up mandates in the busiest M&A sectors.

Roman Hamala and fellow partner Martin Kluch receive strong client feedback: "They were very professional, on time, and over exceeded our expectations. They are dealmakers not deal breakers. Working with them was a great experience."

As part of the wave of renewable energy deals name partner Peter Víglasky acted for InGate Slovakia on its takeover of various companies licensed to undertake solar power generation. The purchases total €20 million and were completed over the first four months of 2010.

Its biggest logistics centre mandate came from Budamar on its joint venture with state-owned train company Zeleznicná spolocnos_ Cargo Slovakia for the construction of a railway wagon transhipment centre in eastern Slovakia. Partner Roman Hamala led the €25 million deal which closed in June 2009.

Elsewhere the firm represented a private-equity fund on its purchase of 40% of the shares in mineral waters producer Klastorna, and Mecom on its sale of land and joint venture for the development of a hotel complex in central Kosice.

Hillbridges enters the rankings this year following strong peer recommendations. The Slovakian firm emerged in the wake of Linklaters' exit from the market and its growth over the past 12 months has not gone unnoticed. The three-partner team is described as "young ambitious lawyers" by one rival, who adds: "I've known them since they were young and I've always known they had good potential."

The Bratislava office of regional firm **Peterka & Partners** works closely with its Czech counterparts and maintains its tier three ranking after another solid year. In April leading lawyer and department head Premysl Marek collaborated with associate Jan Makara on the merger of two subsidiaries belonging to international group Descours & Cabaud, and a Slovak construction and water treatment company on its aborted takeover by a European investor.

Leading lawyers: Premysl Marek

PRK Partners' corporate practice in Bratislava is growing in prominence and enters the rankings this year. Significant deals over the past 12 months include advice to fund 3TS on its divestment from a Hungarian-Slovak mobile provider, and Hewlett Packard on its acquisition of EDS. Cross-border mandates came from French construction group Bouygues Colas in relation to it investment in a Slovak power plant, and Spain's Criteria on its acquisition of a stake in Erste Bank.

Weinhold Legal's corporate practice continues to impress, with a number of competitors saying it will soon rival those in the second tier. Led by Rastislav Kuklis, the M&A team has been particularly active on the buy side recently. It advised automotives supplier Hella Group on two mergers, completed Opta Minerals' takeover of a Slovak joint stock company (including the acquisition financing for the deal), and acted for Lloyd Electric & Engineering on its asset purchase of the Janka Radotin business from US-based Lennox.

The firm suffered a blow last November with the loss of leading lawyer Róbert Kovácik.

Solid tier-three firm **Wolf Theiss's** leadership ranks received a boost earlier this year with one of its most visible lawyers, Lubos Frolkovic, appointed to the partnership.

Over the past 12 months Frolkovic was particularly active in the regional consolidation of the healthcare sector. Last December he led on the Slovak aspects of longstanding client Futurelab Holding's sale to private-equity firm BC Partners. Also that month he worked on Flextronic International's takeover of manufacturer Slomedical.

Earlier in the year Wolf Theiss acted for Osram on an asset purchase of Vitri's metal lamps business. The cross-border transaction required close attention to surrounding country's laws, competition clearance and corporate governance issues.

Since opening its Bratislava office last May **Schoenherr** has quickly established a respectable corporate practice. The Austrian firm benefits from its German language skills, advising Volkswagen on the Slovak aspects of its merger with Porsche, and Siemens' German subsidiary on its joint venture with a state-owned enterprise. Elsewhere, the office was one of six Schoenherr offices representing Delphi Holdings on its regional acquisition of Delphi Corporation's core businesses.

The most visible lawyer is Stanislav Kovár, who a client says is "available almost immediately, and very hands on unlike what can happen with these good firms." Another client says he is "precise, quick and thorough in legal aspects but also came up with practical questions for us to help him pick up ancillary points," adding: "He's not just a lawyer who will ask five or six questions and then deliver a memo."